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Fresno, California

May 19, 2005

The City Council met in special session at the hour of 8:30 a.m. in the Council Chamber, City Hall, on the day above written, to consider closed session matters and to conduct a hearing on the City of Fresno Fiscal Year 2005-2006 Budget.

Present:	Tom Boyajian	Council President
	Brian Calhoun	Councilmember
	Jerry Duncan	Acting Council President
	Henry Perea	Councilmember
	Cynthia Sterling	Councilmember
	Larry Westerlund	Councilmember
	Mike Dages	Council President

Andy Souza, City Manager
 Hilda Cantu Montoy, City Attorney
 Becky Klisch, City Clerk
 Yolanda Salazar, Assistant City Clerk

(A) CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATOR - EMPLOYEE ORGANIZATIONS:

1. INTERNATIONAL ASSOCIATION OF FIREFIGHTERS (IAFF) - BASIC UNIT
2. INTERNATIONAL ASSOCIATION OF FIREFIGHTERS (IAFF) - MANAGEMENT UNIT
3. FRESNO CITY EMPLOYEES ASSOCIATION (FCEA)
4. INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 39

The City Council met in closed session in Room 2125 at the hour of 8:33 a.m. to consider the above issues and reconvened in regular open session at 11:11 a.m. to consider the Fiscal Year 2005-06 budget.

(B) HEARING ON FY 2005-06 CITY OF FRESNO BUDGET:

- 1.* RESOLUTION - ADOPTING THE FY2006 CITY OF FRESNO BUDGET, INCLUDING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUDGET AND THE ANNUAL APPROPRIATION RESOLUTION (AAR)
2. * RESOLUTION - ADOPTING THE FY 2006 POSITION AUTHORIZATION RESOLUTION (PAR)
3. * RESOLUTION - ADOPTING THE 431TH AMENDMENT TO THE MASTER FEE SCHEDULE (MFS) RES. 80-420 (ANNUAL AMENDMENT)
4. * BILL FOR INTRODUCTION AND ADOPTION ADOPTING THE PROPERTY TAX OVERRIDE (PTO) ORDINANCE
5. SELECTION OF METHODOLOGY FOR DETERMINATION OF FY 2006 GANN APPROPRIATION LIMIT
6. * RESOLUTION - ESTABLISHING RULES FOR THE APPLICATION OF CITY EMPLOYEE COMPENSATION RATES AND SCHEDULES AND RELATED REQUIREMENTS, AND ESTABLISHING COMPENSATION RATES AND SCHEDULES (FY 2005-2006 SALARY RESOLUTION)

The Departments will be heard in the following general order as time permits:

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| a. CITY CLERK'S OFFICE | k. PUBLIC WORKS DEPARTMENT |
| b. CITY ATTORNEY'S OFFICE | L. POLICE DEPARTMENT |
| c. MAYOR'S OFFICE | m. CONVENTION CENTER |
| d. CITY COUNCIL OFFICES | n. FIRE DEPARTMENT |
| e. CITY MANAGER'S OFFICE | o. PLANNING AND DEVELOPMENT DEPARTMENT |
| f. FINANCE DEPARTMENT | p. PARKS AND RECREATION DEPARTMENT |
| g. INFORMATION SERVICES DEPARTMENT | q. AIRPORTS DEPARTMENT |
| h. GENERAL SERVICES DEPARTMENT | r. ECONOMIC DEVELOPMENT DEPARTMENT |
| i. PERSONNEL DEPARTMENT | s. TRANSPORTATION DEPARTMENT (FAX) |
| j. DEPARTMENT OF PUBLIC UTILITIES | t. GENERAL CITY PURPOSE |
| | u. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) |

President Dages announced the time had arrived to consider the budget and opened the hearing.

Opening remarks were made by City Manager Souza who spoke to the highlights of the Mayor's budget and the Key Result Area (KRA) Strategic Plan stating it was a solid strategic plan for moving the city forward, and thanked budget staff on an outstanding job. Budget Manager Smith gave an overview of the KRA Strategic Plan, the Mayor's proposed budget which she stated was a compliment to the strategic plan, the Master Fee Schedule, the top three revenue sources: sales tax, property tax and the motor vehicle in-lieu tax, and the General Fund, and responded to questions of Councilmember Westerlund relative to ERAF/property tax funds.

BUDGET HEARING SCHEDULE

President Dages noted the City Council agenda for June 7th was already crowded and questioned if Council wanted to schedule another date to consider the budget. Brief discussion ensued and by Council consensus Thursday, June 9th at 8:30 a.m. was set to continue consideration of department budgets.

Upon question of Councilmember Westerlund, City Attorney Montoy confirmed some changes/shift in pages were made to the budget document, stated she was advised by the budget manager that the changes were not substantive changes, and advised she recommended Ms. Smith prepare a memo explaining the changes, attaching the pages that were changed, and file the memo and attachments with the city clerk's office.

CITY CLERK DEPARTMENT:

City Clerk Klisch thanked budget staff for their assistance, gave a brief overview of the department's proposed budget, and along with City Manager Souza responded to questions of Councilmembers Sterling and/or clarified issues relative to the city's "City In Action" cable program and access channel. Councilmember Boyajian expressed his support for increasing the employee service award program budget to give employees something special in addition to the Resolution of Commendation they currently receive. There was no further discussion.

Brief discussion ensued on the budget hearing and motion processes and President Dages further clarified issues upon question of Councilmember Westerlund. City Attorney Montoy noted at the request of Councilmember Duncan she would be submitting to Council a memo containing details on the line-item veto process, the reconsideration process and how it works, and preliminary motions, and upon question of Councilmember Sterling clarified there was no need for Council to make a motion to accept departments' budgets if Council was fine with the department's presentation/report.

CITY ATTORNEY DEPARTMENT:

City Attorney Montoy introduced her key staff, thanked budget staff, and gave an extensive, detailed PowerPoint presentation on her department's proposed budget which included a mission statement, organizational chart, budget formulation considerations, best practices (**2 - 0**), FY 2006 requests, office staffing, accomplishments of the department's three office units, and FY 2006 challenges.

Lengthy discussion ensued with Ms. Montoy and Budget Manager Smith responding to questions of Councilmembers Duncan, Sterling and Westerlund relative to streamlining the Fresno Municipal Code and contracting with outside counsel, if the hiring of an additional attorney last year has proven effective, funding for the police legal advisor, the attorney being paid for by the planning & development department, request for copy of the department's annual report, qualifications and pay scale of a Deputy III position, who pays for contract counsel, number of outside firms the department is currently working with, carry-over funds, department reserves, policy for use of contract counsel and if a policy should be in place, and professional services/consulting funds including amount spent last year, if the line item has been utilized at all, and if it was anticipated to be used in 2006.

At this point Councilmember Calhoun noted some members had lunch appointments and it was determined to break and resume at 2:00 p.m.

LUNCH RECESS - 12:39 P.M. - 2:01 P.M.

Proceedings continued. Ms. Montoy, Ms. Smith and City Manager Souza responded to questions/comments of Councilmembers Boyajian and Westerlund and President Dages relative to amount the planning & development department will be paying towards the attorney

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position and associated costs, reason for increase in premium pay, if it was time to look at a Receivership Program (**3 - 0**), code enforcement, numerous questions on various line items, the additional space the department wants to occupy, statement on need for additional attorneys, and if ISD was overcharging for services due to funding available to purchase time/activity software. There was no further discussion.

MAYOR'S OFFICE:

Mayor Chief of Staff White gave an overview of FY2005's highlights/accomplishments and initiatives undertaken, reviewed the Mayor's proposed budget for FY 06, and along with Budget Manager Smith and City Manager Souza responded to questions/comments of Councilmembers Calhoun, Boyajian, Westerlund and Sterling relative to ISD charges, the move of the Education Liaison to the city manager department, permanent salaries and disparity in numbers, concern with some issues the Mayor has taken credit for (i.e. CNG buses, Mobile Science Unit and Hope VI Project), comments/questions/skepticism on the "New Normal" and Imagine 21 training including what the rationale was for the change, if things were "bad", and need for consistency and good managers, city-wide legal charges and if this was a new line item, line item 55803, and how the Education Office will be run/if there will be changes with the move to the city manager department. There was no further discussion.

CITY COUNCIL OFFICES:

Budget Manager Smith gave a brief overview of the budget.

Councilmember Duncan spoke to the Council Executive Analyst position and how it has been used over the years at the discretion of the Council President; noted he would become Council President in January with the new rotation system and stated he felt his current office staff would be able to handle the duties that come along with being Council President; spoke to the deplorable conditions at some fire stations he toured and displayed several photographs on the overheard depicting old/worn out/dilapidated furniture that is being used by firefighters;

advised he talked with an individual in the furniture business who will work with the city to leverage any funding the city comes up with for new furniture; also noted he indicated to staff he would not be receiving next year the extra salary the Council President receives; and stated he wanted direct those funds, along with the salary of the Council Executive Analyst position that he would not be filling, to a fire furniture fund and made the following motion:

MOTION - Duncan/Boyajian - Use the salary of the Council Executive Analyst position and the Council President position salary increase, beginning January 2006 to the end of the fiscal year, to replace furniture at fire stations.

Councilmember Duncan stated with those funds being leveraged with the good Samaritan, whom he stated wanted to remain anonymous, he believed a major impact could be made to get some decent furniture for firefighters city-wide, and also clarified he was not trying to set a precedence and this would be a one-time thing. Councilmember Calhoun stated he supported the thrust of removing the executive analyst funding but he felt it was inappropriate to direct the funds to the fire department stating that department was not any more deserving than any other city department who also had needs and added he would support moving the funds into the reserve.

(4 - 0) Councilmember Calhoun spoke to the issue of Council salaries and need for a raise stating he felt Council was woefully underpaid for what it does, clarified he would not benefit in any way from any raise, noted the County Board of Supervisors are paid twice what Council is paid and Council works every bit as hard as they do if not harder, and stated he wanted to make a motion to increase the City Council salary at the next election by \$25,000 a year. City Attorney Montoy spoke to the need for an ordinance and stated since this would be a preliminary motion she wanted time to review the matter and added she would advise later if this is an appropriate motion.

MOTION - Calhoun/Boyajian - Increase the City Council salary at the next election by \$25,000 a year.

Councilmember Boyajian clarified he seconded the motion because he felt an increase was needed but he was not sure about that amount. Councilmember Boyajian continued and spoke to his passion, Council infrastructure funds, including the importance of that having that tool to improve and stabilize neighborhoods and the need to increase the funds this year and his hope they would be increased and elaborated; commented on the executive analyst position clarifying he seconded the motion as he felt the Council President should

have discretion but clarified he felt the position was useful to Council and was needed and explained; and stated his support to increase Council salaries and elaborated on his reasons therefor.

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Councilmember Perea requested before a vote is taken on the fire department furniture motion that staff get a dollar amount/complete cost of furniture needed for the fire stations and added he did not want the department to depend on those funds every year. Councilmember Duncan reminded Council the funds would be leveraged with the furniture firm that will work with the city, and City Manager Souza stated staff would get a list of furniture needs and true numbers. There was no further discussion.

CITY MANAGER'S OFFICE:

City Manager Souza clarified what the differences were from last year's budget, gave an overview of the department's proposed budget, and responded to questions and comments of Councilmember Duncan relative to whether funding for the Human Relations Commission (HRC) was for the Martin Luther King (MLK) and Cesar Chavez events, what happens to unused funds, and concern with the HRC's management of funds. Councilmember Duncan stated the parks and recreation department was a more appropriate home for putting on the MLK and Cesar Chavez events as they had the proper controls and oversight and added these important events needed to occur and would occur but he felt a little more oversight was needed so there would not be any more potential legal issues with conflicts of interest.

MOTION - **Duncan/Calhoun** - Move the \$35,000 allocation to the Human Relations Commission for special events from the city manager budget to the parks, recreation and community services department.

Mr. Souza, Budget Manager Smith, Interim City Manager Quinto and Mayor Chief of Staff White responded at length to comments, questions and/or concerns of Councilmembers Calhoun and Sterling relative to why phone charges were doubled and if that amount covered the education liaison position, a CDBG loan and repayment, funds allocated for the senior center, the \$3 million allocated for Ophelia property acquisition and an understanding that bonds would be used, funds allocated for the Customer Call Center and what they would pay for, if any funds were spent on the call center in FY 05, if \$200,000 was sufficient and if there would be an additional cost associated with transferring employees to the call center, why no information was presented to Council on the Office of Education land acquisition for a charter school, if the City was getting into the charter school business, need for a workshop on charter schools and for staff to keep Council informed, how the public will be educated on the customer call center and phone number changes, **(5 - 0)** the loan repayment, and suggestion to put the \$3 million for purchase of Ophelia property into a contingency account to be used for such things as retaining attorneys or median island work.

Councilmember Sterling made a motion to place the \$3+ million for the purchase of the Ophelia property into a contingency account to be later used or identified for another purpose other than the Ophelia property. Mr. Souza clarified these would be one-time funds and ultimately be borrowed money for acquisition of property and strongly recommended the funds not be used for things like pay increases or on-going operational means if it was Council's will to use the funds on something else. Upon further question, Mr. Souza clarified the funds were considered part of the proposed budget as staff needed to have the ability to move the borrowed \$3 million from the city to an escrow account. Councilmember Sterling clarified her motion to place the borrowed \$3 million into a contingency account and identify additional uses other than the purchase of the Ophelia property, which motion died for lack of a second.

Councilmembers Westerlund stated his support for, and spoke to, the customer call center including funding and need for the center to be open earlier and later than normal hours, with Mr. Souza responding. Discussion continued and Councilmembers Westerlund and Perea presented questions relative to what was included in "special projects", the charter school and if Council voted on the property, time line for the call center opening, process in tracking follow-up calls, the charter school and if Council would be involved in the *type* of school it will be (with Councilmember Perea stating he preferred something other than a military school and it seemed like a "boot camp" type school was being envisioned), and number of votes needed to bond for the Ophelia land acquisition, with Mr. Souza, Ms. Quinto and an unidentified staff member responding to questions/clarifying issues throughout. Councilmember Perea noted he voted against the Ophelia land acquisition, stated if he ends up voting in support of this budget it would also communicate the message that he supports the funding for the acquisition of the property, and stated he wanted it made clear that he did not support the \$3 million for property acquisition and added he would have to decide later whether this portion of the budget is enough for him to oppose adoption of the budget. Brief comments ensued on Councilmember Sterling's motion with Councilmember Sterling clarifying what her intent was and stating she also did not support the \$3 million for the land acquisition.

Mr. Souza responded briefly to questions of President Dages relative to where funding was listed for the Legion of Valor

Museum, the customer call center, concern with recordings, and contract extra help.

MOTION - Dages/Perea - Delete funding for the Ophelia land acquisition.

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Brief discussion ensued on whether to continue with budget deliberations or adjourn, with Councilmember Duncan stating he had two motions to make.

MOTION - Duncan/Perea - Defund the \$180,000 for the Independent Police Auditor.

Councilmember Duncan also noted Storyland/Playland was in the same position as last year and he was unclear as to what did or did not happen, and stated he felt there was still a lot of work to do and he was not comfortable with Storyland/Playland closing for summer.

MOTION - Duncan/Sterling - Fund \$70,000 from the General Fund to renew Storyland/Playland liability insurance for another year.

There was no further discussion and the budget hearing was continued to Thursday, June 9, 2005, at 8:30 a.m.

Finance Department
Information Services Department
General Services Department
Personnel Department
Department of Public Utilities
Public Works Department
Police Department
Convention Center
Fire Department
Planning & Development Department
Parks & Recreation Department
Airports Department
Economic Development Department
Transportation Department (FAX)
General City Purposes
Community Development Block Grant (CDBG)

Continued to June 9, 2005, at 8:30 a.m. (as time permits).

ADJOURNMENT

There being no further business to bring before the City Council, the hour of 4:08 p.m. having arrived and hearing no objections, President Dages declared the meeting adjourned.

APPROVED on the ____7th____ day of _____June_____, 2005.

_____/s/_____
Mike Dages, Council President

ATTEST:_____/s/_____
Yolanda Salazar, Assistant City Clerk

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